

# Affordable Homeownership Pilot

Livable Communities Act

Local Housing Incentives Account (LHIA)

# What will we cover today?

- Brief review of Local Housing Incentives Account (LHIA) Affordable Homeownership Pilot
- Share initial options for program design for feedback and discussion
- Discuss funding availability options
- Next steps

# Local Housing Incentives Account (LHIA) Affordable Homeownership Pilot

Pilot priorities:

- 1. Geographic choice:** Increase affordable homeownership options in parts of the region that are predominantly single-family and have higher than average median home values
- 2. Reducing racial disparities in homeownership:** Increase affordable homeownership opportunities focused on serving Black, Indigenous, and other ethnic groups that own homes at disproportionately lower rates than white households



*LHIA Project: PPL Greenbelt (2020)*

# Program Design: Eligibility

- To be considered, projects would have to:
  - Have a dollar for dollar local match
  - Provide an affordable homeownership opportunity for a household earning 80% Area Median Income or less
  - Provide a minimum affordability term of 15 years
  - Must require Home Stretch or similar homeowner education for first-time homebuyers

# Program Design: Eligibility

- All LCA participating cities are eligible to apply
- Pre-qualification factors would identify cities that would be automatically considered for funding
- Other cities would have to describe how their proposal addresses pilot priorities in a way that aligns with the way pre-qualified cities were determined

# Pre-qualification factors: Geographic choice priority

## Criteria

- Cities with a higher share of single-family homes than the regional average

AND

- Cities with a median home sale price more than \$25,000 above the regional average

## Profile

- 21 communities that are either current or anticipated LCA participants
- Most are Emerging Suburban Edge communities; the remainder are Suburban Edge (2), Suburban (5), or Rural Centers (2)

# Pre-qualification factors: Racial equity priority

## Criteria

- Cities near or above the regional share of Black and Indigenous residents and residents of color

## AND

- Cities with higher homeownership disparities across race than the regional average

## Profile

- 16 cities that are either current or anticipated LCA participants
- Most are Urban or Suburban communities; the remainder are Urban Center (3) or Rural Center (1)

# Additional step to pre-qualify for racial equity priority

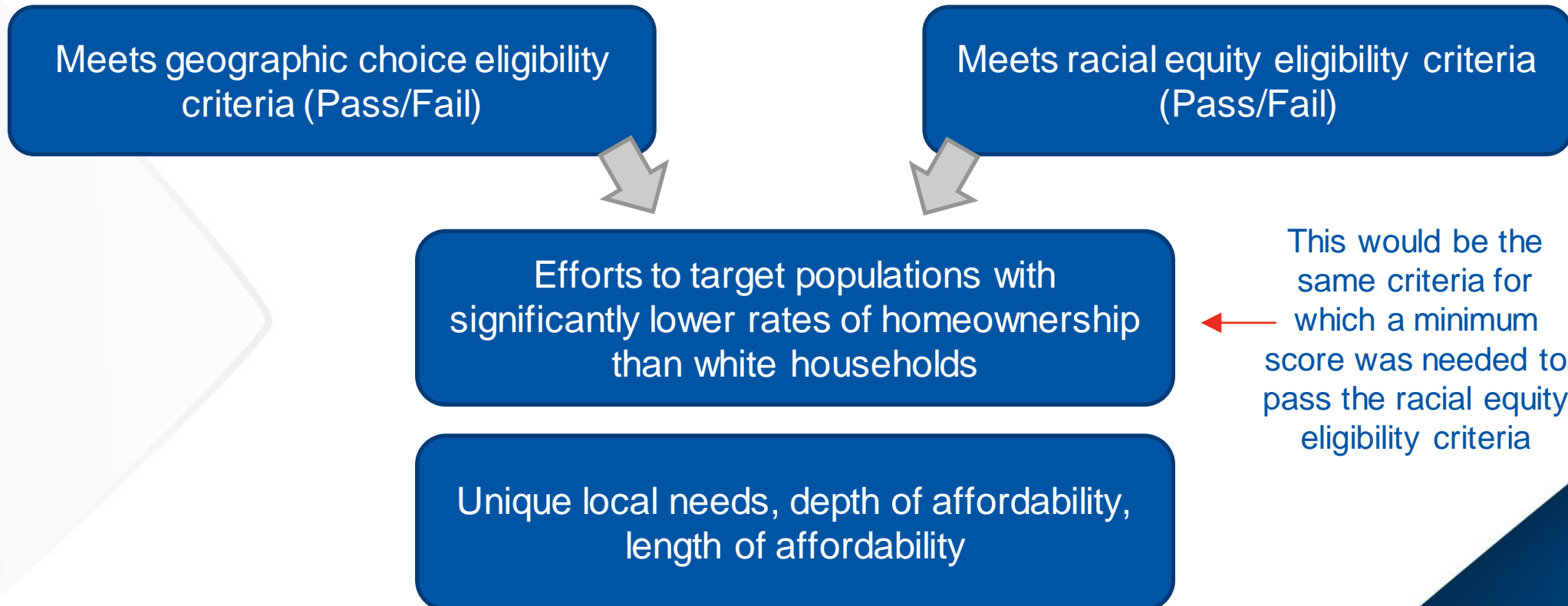
In addition to the data informed determination, projects addressing racial disparities in homeownership would also have to:

- Meet a minimum score for efforts to target populations with significantly lower rates of homeownership than white households



# Program design: evaluation

How should we evaluate projects considering the two, somewhat mutually exclusive, pilot priorities?



# Program design: Funding options

## Potential funding sources:

- LHIA base budget (some portion of \$1.5M)
- LCA interest earnings
- Council special initiative

# Program design: Funding options

## Potential funding amount:

- Estimated average award per unit: \$100,000
- Goal for 2022 awards: 20 homes
- Recommended funding amount for 2022: \$2M

# Questions for the Committee

- Are the threshold factors that determine which cities are “pre-qualified” on target?
- Does the proposed scoring framework accurately capture the intent of the pilot?
- Is there feedback or direction with respect to the pilot funding options?
- What haven't we considered?

# Next Steps

- Staff will return in November/December with:
  - Any changes to proposed eligibility requirements
  - Any changes to proposed scoring framework
  - Specific scoring criteria for consideration
  - Updated recommendations on funding availability
- Goal is to have pilot program ready for approval in early 2022 as a part of the greater LCA Fund Distribution Plan process

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